

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Attica Township</b>	County <b>Lapeer</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>10/1/04</b>	Date Accountant Report Submitted to State: <b>12/13/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Lewis &amp; Knopf, P.C.</b>			
Street Address <b>5206 Gateway Centre - Ste 100</b>	City <b>Flint</b>	State <b>MI</b>	ZIP <b>48507</b>
Accountant Signature 		Date <b>12/9/04</b>	

ATTICA TOWNSHIP

ATTICA, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2004

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*Lewis & Knopf, CPAs, P.C.*

"Serving You with Trust and Integrity"

October 1, 2004

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
of Attica Township

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attica Township, as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Attica Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Attica Township as of June 30, 2004, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2004, on our consideration of Attica Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of the *GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2003, along with all related statements and interpretations.

The management's discussion and analysis and budgetary comparison information on pages II – VII and 12 - 13 are not required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Attica Township's basic financial statements. The accompanying other supplementary information, as identified in the table of contents is presented for purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lewis & Knopf, P.C.*  
LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

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As management of Attica Township, we offer readers of Attica Township's financial statements this narrative overview and analysis of the financial activities of Attica Township for the year ended June 30, 2004. In the future, comparative analysis will be provided when prior year information becomes available.

**FINANCIAL HIGHLIGHTS**

- A. The assets of the Township exceeded its liabilities at the close of the most recent year by \$1,309,893 (net assets).
- B. The Township's total net assets increased by \$321,151 for the year ended June 30, 2004.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Attica Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reports as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund Financial Statements:**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are governmental funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

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**Fund Financial Statements:** (Continued)

Governmental Funds (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 3 through 4 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 5 through 11 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information. The other supplementary information can be found on pages 14 through 18 of this report.

**SUMMARY OF NET ASSETS:**

The following summarizes the net assets at the year ended June 30, 2004:

	<u>Governmental Activities</u>
Current Assets	\$366,474
Noncurrent Assets	<u>1,513,245</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$1,879,719</u></b>
Current Liabilities	\$180,001
Noncurrent Liabilities	<u>389,825</u>
Total Liabilities	<u>\$569,826</u>
Net Assets	
Invested in Capital Assets – Net of Debt	980,423
Unrestricted	<u>329,470</u>
Total Net Assets	<u>\$1,309,893</u>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$1,879,719</u></b>

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

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**RESULTS OF OPERATIONS:**

For the year ended June 30, 2004, the Township's results of operations were:

	<u>Governmental Activities</u>
Revenues:	
Program Revenues:	
Charges for Services	\$135,521
Operating Grants	85,149
General Revenues:	
Property Taxes	534,870
State Sources	337,848
Investment Earnings	2,896
Sale of Fixed Assets	109,740
Other	6,562
Total Revenues	<u>\$1,212,586</u>
Functions/Program Expenses:	
General Government	327,866
Public Safety	345,977
Public Works	150,540
Parks and Recreation	35,828
Interest on Long-Term Obligations	31,224
Total Expenses	<u>\$891,435</u>
<u>INCREASE IN NET ASSETS</u>	\$321,151
<u>BEGINNING NET ASSETS</u>	<u>988,742</u>
<u>NET ASSETS - ENDING</u>	<u><u>\$1,309,893</u></u>

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Analysis of Financial Position:

During the year ended June 30, 2004, the Township's Total Net Assets increased by \$321,151 to a total of \$1,309,893. The largest portion of the net assets are the Township's investment in capital assets. Net assets (invested in capital assets, net of related debt) at the end of the year was \$980,423. The Townships Unrestricted Net Assets was \$329,470 at the end of the year. The unrestricted net assets may be used to pay for government services to residents.

Analysis of Results of Operations

The Township's overall revenues exceeded its expenditures by \$321,151 for the year. Revenues decreased by \$67,892 from last year, primarily from a decrease in state shared revenues. Expenses decreased by \$130,682 from last year from decreases in public safety and parks and recreation department expenses.

**FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS – GOVERNMENTAL FUNDS**

Analysis of Financial Position

The focus of the Township's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments net resources available for spending at the end of the year. An analysis of changes for the governmental funds is as follows:

General Fund

The Township's general fund is the chief operating fund of the Township. Unreserved fund balance for the general fund increased by \$64,453 during the year with the increase coming primarily from an increase in cash. Revenues for the year decreased by \$158,733 primarily due to decreases in state sources, transfers from other funds and loan proceeds. Expenditures and other financing uses decreased by \$243,168, primarily due to decreases in public safety and parks and recreation department expenditures.

Special Revenue Funds

Unreserved fund balance for the special revenue fund decreased by \$2,117 during the year with the decrease coming primarily from a decrease in cash. Revenues for the year increased by \$91,059 primarily from a federal grant. Expenditures and other financing uses increased by \$112,704, primarily in public safety expenditures funded by the federal grant.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Asset*

At the end of year 2004, the Township had \$1,836,662 invested in land, furniture and equipment, leasehold improvements, and sewer system. Of this amount, \$323,417 in depreciation has been taken over the years. We currently have net book value of \$1,513,245. Total acquisitions for the year were \$106,510 and depreciation expense was \$79,188. Significant additions were the purchase of land, building, and purchase of equipment.

	BALANCE JULY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2004
Capital Assets	\$1,730,152	\$106,510	\$0	\$1,836,662
Less: Accumulated Depreciation	(244,229)	(79,188)	0	(323,417)
<u>Net Investment Capital Outlay</u>	<u>\$1,485,923</u>	<u>\$27,322</u>	<u>\$0</u>	<u>\$1,513,245</u>



ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

**CAPITAL ASSET AND DEBT ADMINISTRATION** (Continued)

*Debt, Principal Payments*

The Township made principal payments on bonded, long term debt obligations that reduced the amount of the Township's long term liabilities as follows:

<u>Governmental Activities:</u>	<u>BALANCE JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2004</u>
Notes Payable	<u>\$764,316</u>	<u>\$39,500</u>	<u>\$270,994</u>	<u>\$532,822</u>

The Township financed the purchase of land during the year with a note payable to Lapeer County Bank & Trust.

**GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES**

**GENERAL FUND BUDGET VS. ACTUAL**

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenues	\$798,731	\$835,003	\$852,144	(4.34)	2.05
Expenditures	844,006	820,065	787,691	2.92	3.95
<b><u>TOTAL</u></b>	<b><u>(\$45,275)</u></b>	<b><u>\$14,938</u></b>	<b><u>\$64,453</u></b>		

**SPECIAL REVENUE FUNDS BUDGET VS. ACTUAL**

<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Original &amp; Final Budget %</u>	<u>Variance Actual &amp; Final Budget %</u>
Revenues	\$314,608	\$426,423	\$423,015	(26.22)	(0.80)
Expenditures	314,608	426,423	425,132	(26.22)	0.30
<b><u>TOTAL</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$2,117)</u></b>		

**Original vs. Final Budgets**

Revenues

Significant variations between the original and final budgets for the general fund were due to increases in tax revenues and decreases in state revenues. Special revenue fund increases were primarily from the increase in grant revenue of \$85,149.

Expenditures

Significant variations between the original and final budget for the general fund was a decrease in general governmental expenses to offset reductions in state shared revenues. Special revenue fund increases were in capital outlay from the grant revenue obtained.

ATTICA TOWNSHIP - ATTICA, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004

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**Actual Results vs. Final Budgets**

Revenues

Significant variations between actual results and final budgets for the general fund were that actual tax revenue was less, state revenue, fees and sale of assets were more. Special revenue fund actual taxes were less than budgeted.

Expenditures

Significant variations between actual results and final budgets for the general fund were that actual public safety and public works expenses were less than budgeted. Special revenue fund had no significant variations.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances. If you have questions about this report or need additional information, contact the Business Office, Attica Township.

ATTICA TOWNSHIP  
STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<u>Governmental Activities</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$288,790
Accounts Receivable	76,006
Taxes Receivable	1,678
Total Current Assets	<u>\$366,474</u>
<u>NON-CURRENT ASSETS</u>	
Capital Assets	1,836,662
Less: Accumulated Depreciation	<u>(323,417)</u>
Total Noncurrent Assets	<u>\$1,513,245</u>
<u>TOTAL ASSETS</u>	\$1,879,719
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	37,004
Current Portion of Long-Term Obligations	<u>142,997</u>
Total Current Liabilities	<u>\$180,001</u>
<u>NON-CURRENT LIABILITIES</u>	
Noncurrent Portion of Long-Term Obligations	<u>389,825</u>
<u>TOTAL LIABILITIES</u>	\$569,826
<u>NET ASSETS</u>	
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	980,423
Unrestricted	<u>329,470</u>
<u>TOTAL NET ASSETS</u>	<u><u>\$1,309,893</u></u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
STATEMENT OF ACTIVITIES  
JUNE 30, 2004

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Change in Net Assets</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General Government	\$327,866	\$77,131	\$0	(\$250,735)
Public Safety	345,977	58,390	85,149	(202,438)
Public Works	150,540	0	0	(150,540)
Parks and Recreation	35,828	0	0	(35,828)
Interest on Long-Term Obligations	31,224	0	0	(31,224)
<u>TOTALS</u>	<u>\$891,435</u>	<u>\$135,521</u>	<u>\$85,149</u>	<u>(\$670,765)</u>
General Revenues:				
Property Taxes				534,870
State Revenue				337,848
Investment Earnings				2,896
Sale of Fixed Assets				109,740
Miscellaneous				6,562
Total General Revenues and Transfers				<u>\$991,916</u>
Change in Net Assets				<u>\$321,151</u>
Net Assets - Beginning - As Restated				<u>988,742</u>
<u>Net Assets - Ending</u>				<u>\$1,309,893</u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

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	General Fund	Special Revenue Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$246,052	\$42,738	\$288,790
Accounts Receivable	76,006	0	76,006
Taxes Receivable	1,456	222	1,678
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$323,514</u>	<u>\$42,960</u>	<u>\$366,474</u>
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts Payable	\$37,004	\$0	\$37,004
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Unreserved	286,510	42,960	329,470
Total Fund Balances	<u>\$286,510</u>	<u>\$42,960</u>	<u>\$329,470</u>
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$323,514</u>	<u>\$42,960</u>	<u>\$366,474</u>
	<hr/>	<hr/>	<hr/>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004

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Total Governmental Fund Balances:	\$329,470
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$1,836,662 and the accumulated depreciation is \$323,417	1,513,245
Long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Notes Payable	(532,822)
<u>TOTAL NET ASSETS -</u> <u>GOVERNMENTAL ACTIVITIES</u>	\$1,309,893

ATTICA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	General	Special	Total
	Fund	Revenue	Governmental
		Funds	Funds
<u>REVENUES</u>			
Taxes	\$220,295	\$314,575	\$534,870
State Shared Revenues	337,848	0	337,848
Licenses, Permits and Fees	58,390	0	58,390
Interest Income	2,896	0	2,896
Cemetery Income	23,990	0	23,990
Township Hall Rental	14,800	0	14,800
Fine and Forfeitures	2,587	0	2,587
Grants	0	85,149	85,149
Sale of Fixed Assets	109,740	0	109,740
Other Charges for Services	35,754	0	35,754
Miscellaneous Revenues	6,344	218	6,562
Total Revenues	<u>\$812,644</u>	<u>\$399,942</u>	<u>\$1,212,586</u>
<u>EXPENDITURES</u>			
General Government	319,548	0	319,548
Public Safety	160,291	225,325	385,616
Public Works	150,540	0	150,540
Parks and Recreation	31,828	0	31,828
Debt Service			
Principal	95,504	175,490	270,994
Interest	6,907	24,317	31,224
Total Expenditures	<u>\$764,618</u>	<u>\$425,132</u>	<u>\$1,189,750</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$48,026	(\$25,190)	\$22,836
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers (to) from Other Funds	(23,073)	23,073	0
Loan Proceeds	39,500	0	39,500
Total Other Financing Sources (Uses)	<u>\$16,427</u>	<u>\$23,073</u>	<u>\$39,500</u>
Net Change in Fund Balance	\$64,453	(\$2,117)	\$62,336
<u>FUND BALANCE - BEGINNING</u>	<u>222,057</u>	<u>45,077</u>	<u>267,134</u>
<u>FUND BALANCE - ENDING</u>	<u>\$286,510</u>	<u>\$42,960</u>	<u>\$329,470</u>

See accompanying notes to the basic financial statements.

ATTICA TOWNSHIP  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004

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Total net change in fund balances - governmental funds	\$22,836
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

27,321
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Repayments of principal on long-term debt is an expenditure in the governmental funds, but no in the statement of activities (where it is a reduction of liabilities)

<u>270,994</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

<u><u>\$321,151</u></u>
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ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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1) REPORTING ENTITY

The accompanying general purpose financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. The Township receives funding from local, state and federal government sources and must comply with the accompanying requirements of these funding sources. However, the Township is not included in any other governmental "reporting entity" as defined by GASB pronouncements since the Township Board is a publicly elected governing body that has separate legal standing and is fiscally independent of other governmental entities. As such, the Board of Trustees has decision making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Attica Township conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the Township’s overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the Township’s activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The Township’s basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township’s functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes and state distributions, grants and other intergovernmental revenues.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The Township reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Township receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) CASH AND CASH EQUIVALENTS

The Township considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

E) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. In accordance with the provisions of GASB 34, the Township has elected to capitalize the cost of governmental fund infrastructure assets after the implementation date of GASB 34. Prior acquisitions or construction costs of infrastructure assets will not be recorded.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Building and Improvements	15 – 50 Years
Furniture and Equipment	5 – 20 Years
Vehicles	5 – 10 Years
Land	N/A

F) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net assets.

G) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

H) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) BUDGETS

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Two to three months prior to the beginning of the ensuing fiscal year, the Township Board reviews a proposed operating budget which includes proposed revenues and expenditures.
- 2) Prior to the beginning of the ensuing fiscal year, the Township Board passes a general appropriations act reflecting formal budget approval in accordance with the Michigan Uniform Budget Act.
- 3) Budgets for the general and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- 4) Budgeted amounts in this report are as originally adopted or as amended by the Township Board. Amendments were not material in relation to the original appropriations which were amended.

J) COMPENSATED ABSENCES

Under agreements with the Township, individual employees have a vested right to receive payments for unused sick leave under formulas and conditions specified in the agreements. As of June 30, 2004, substantially all of these benefits had been paid and are reflected in the financial statements.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS

P.A. 621 of 1978, Section 18 (1), as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the functional level.

During the year ended June 30, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated.

4) DEPOSITS AND INVESTMENTS

Deposits are carried at cost. Deposits of the Township are at one bank in the name of Attica Township. Michigan Compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bond securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Undeposited Cash – At March 31, 2004, the Township had \$50 of petty cash on hand which is included as part of "cash and cash equivalents."

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

4) DEPOSITS AND INVESTMENTS (Continued)

Deposits - The Township Council authorized the following financial institutions for the deposit of the Township's funds for the year ended March 31, 2004: Oxford Bank and Lapeer County Bank & Trust.

The Township's deposits are in accordance with statutory authority.

At June 30, 2004, the carrying amount of the Township's deposits was \$288,790 and the bank balance was \$253,066. \$168,554 of the bank balance was covered by federal depository insurance and \$84,512 was uninsured and uncollateralized.

5) PROPERTY TAXES

Property taxes are levied on December 1 and July 1 on the assessed value determined as of December 31 of the preceding year for all taxable real and personal property located in the Township. Property tax revenue is recognized in the fiscal year for which taxes have been levied.

6) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>GOVERNMENTAL ACTIVITIES</u>				
Buildings and Improvements	\$863,669	\$22,000	\$0	\$885,669
Machinery and Equipment	55,478	26,034	0	81,512
Land	175,150	39,500	0	214,650
Land Improvements	108,000	0	0	108,000
Vehicles	527,855	18,976	0	546,831
Totals at Historical Cost	\$1,730,152	\$106,510	\$0	\$1,836,662
Less: Accumulated Depreciation				
Buildings and Improvements	(57,927)	(17,533)	0	(75,460)
Machinery and Equipment	(16,088)	(9,287)	0	(25,375)
Land Improvements	(47,600)	(4,000)	0	(51,600)
Vehicles	(122,614)	(48,368)	0	(170,982)
Total Accumulated Depreciation	(\$244,229)	(\$79,188)	\$0	(\$323,417)
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	\$1,485,923	\$27,322	\$0	\$1,513,245

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

General Government	\$ 8,318
Public Safety	66,870
Parks and Recreation	4,000
<u>TOTAL</u>	<u>\$ 79,188</u>

7) RESTATEMENT OF GOVERNMENT-WIDE NET ASSETS

For the fiscal year ended June 30, 2004, the Township implemented GASB Statement 34. As a result, capital assets and accumulated depreciation were recorded for the first time. Net assets were restated as of July 1, 2003 for the recording of accumulated depreciation and long-term debt. See July 1, 2003 balances illustrated in Note 6 and Note 10.

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

8) PENSION PLAN

The Township has a single-employer defined contribution pension plan covering all eligible employees who wish to participate. Investments are made through Manufacturers Life Insurance Company. Benefits are immediately 100 percent vested with the benefit payable at age 65 (normal retirement age), or after 10 years of participation or age 80, if sooner. Contributions to the plan during the year ended June 30, 2004 amounted to \$20,713.

The Township also has a 457 Deferred Compensation Plan. The plan is offered to all eligible individuals and investments are made through Harbour Investments. As of June 30, 2004, no employees of the Township were participating in the plan.

9) GENERAL OBLIGATION NOTES PAYABLE

General obligation notes payable at June 30, 2004 consisted of the following:

General Obligation Note Payable to Lapeer County Bank & Trust, payable in monthly installments of \$705 with interest at 2.75% per annum. Secured by land. Matures in April, 2009.	\$ 38,269
General Obligation Note Payable to Lapeer County Bank & Trust, payable in annual installments of \$87,857 plus interest at 3.9% per annum. Matures on April 1, 2009, secured by new fire hall building.	439,286
General Obligation Note Payable to Lapeer County Bank & Trust, payable in annual installments of \$47,633 plus interest at 2.875% per annum. Matures on April 1, 2006, secured by new fire truck.	55,267
<u>TOTAL</u>	<u>\$ 532,822</u>

10) CHANGES IN GENERAL LONG-TERM DEBT

A summary of changes in general long-term debt follows:

<u>JUNE 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$142,997	\$20,856	\$9,371
2006	103,206	15,824	8,834
2007	95,787	10,814	8,296
2008	96,008	7,166	7,758
2009	94,824	3,514	7,119
<u>TOTAL</u>	<u>\$532,822</u>	<u>\$58,174</u>	<u>\$41,378</u>

The interest expenditures on long-term obligations for the year were \$31,224.

	<u>BALANCE</u>			<u>BALANCE</u>	<u>AMOUNT DUE</u>
	<u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>JUNE 30, 2004</u>	<u>IN ONE YEAR</u>
<u>Governmental Activities:</u>					
Notes Payable - Addition	\$94,273	\$0	\$94,273	\$0	\$0
Note Payable - Fire Hall	527,143	0	87,857	439,286	87,857
Note Payable - Fire Truck	142,900	0	87,633	55,267	47,633
Note Payable - Land	0	39,500	1,231	38,269	7,507
<u>TOTAL</u>	<u>\$764,316</u>	<u>\$39,500</u>	<u>\$270,994</u>	<u>\$532,822</u>	<u>\$142,997</u>

ATTICA TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

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11) CONTINGENCIES

In the ordinary course of business, the Township is involved in various pending or threatened legal actions. The Township believes that any ultimate liability arising from these actions will not have a material adverse effect on its financial position.

12) SUBSEQUENT EVENT

On July 8, 2004, the Township issued 2004 Special Assessment Road Bonds in the amount of \$290,000. The bonds require annual principal payments and semi-annual interest payments. The bonds mature on April 14, 2014 and the interest rate is 3.797%.

REQUIRED  
SUPPLEMENTARY  
INFORMATION



ATTICA TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
<u>REVENUES</u>				
Taxes	\$375,381	\$465,953	\$220,295	(\$245,658)
State Shared Revenues	360,000	290,000	337,848	47,848
Licenses, Permits and Fees	1,350	7,850	58,390	50,540
Interest Income	4,000	2,000	2,896	896
Cemetery Income	7,000	11,500	23,990	12,490
Township Hall Rental	11,800	11,500	14,800	3,300
Fine and Forfeitures	3,800	3,500	2,587	(913)
Sale of Fixed Assets	0	0	109,740	109,740
Other Charges for Services	0	32,450	35,754	3,304
Miscellaneous Revenues	35,400	10,250	6,344	(3,906)
Total Revenues	\$798,731	\$835,003	\$812,644	(\$22,359)
<u>EXPENDITURES</u>				
General Government	473,530	328,522	319,548	8,974
Public Safety	156,970	185,160	160,291	24,869
Public Works	173,706	166,472	150,540	15,932
Parks and Recreation	39,800	38,600	31,828	6,772
Debt Service	0	101,311	102,411	(1,100)
Total Expenditures	\$844,006	\$820,065	\$764,618	\$55,447
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(\$45,275)	\$14,938	\$48,026	\$33,088
<u>OTHER FINANCING SOURCES (USES)</u>				
	0	0	16,427	16,427
Net Change in Fund Balance	(\$45,275)	\$14,938	\$64,453	\$49,515
<u>FUND BALANCE - BEGINNING</u>			222,057	
<u>FUND BALANCE - ENDING</u>			\$286,510	

ATTICA TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$314,608	\$341,274	\$314,575	(\$26,699)
Grants	0	85,149	85,149	0
Miscellaneous Revenues	0	0	218	218
Total Revenues	<u>\$314,608</u>	<u>\$426,423</u>	<u>\$399,942</u>	<u>(\$26,481)</u>
<u>EXPENDITURES</u>				
Public Safety	116,500	226,613	225,325	1,288
Debt Service	198,108	199,810	199,807	3
Total Expenditures	<u>\$314,608</u>	<u>\$426,423</u>	<u>\$425,132</u>	<u>\$1,291</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$0	\$0	(\$25,190)	(\$25,190)
<u>OTHER FINANCING SOURCES (USES)</u>	<u>0</u>	<u>0</u>	<u>23,073</u>	<u>23,073</u>
Net Change in Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>(\$2,117)</u>	<u>(\$2,117)</u>
<u>FUND BALANCE - BEGINNING</u>			<u>45,077</u>	
<u>FUND BALANCE - ENDING</u>			<u><u>\$42,960</u></u>	

OTHER SUPPLEMENTAL  
INFORMATION

ATTICA TOWNSHIP  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2004

	<u>MAJOR FUND</u>		
		Fire	
<u>ASSETS</u>	<u>Public Safety</u>	<u>Operations</u>	<u>Total</u>
Cash	\$42,738	\$0	\$42,738
Taxes Receivable	222	0	222
<u>TOTAL ASSETS</u>	<u>\$42,960</u>	<u>\$0</u>	<u>\$42,960</u>
<u>FUND BALANCES</u>			
Unreserved	<u>\$42,960</u>	<u>\$0</u>	<u>\$42,960</u>

ATTICA TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	MAJOR FUND		
	Public Safety	Fire Operations	Total
<u>REVENUES</u>			
Taxes	\$197,472	\$117,103	\$314,575
Grants	85,149	0	85,149
Miscellaneous Revenues	218	0	218
Total Revenues	\$282,839	\$117,103	\$399,942
<u>EXPENDITURES</u>			
Public Safety			
Wages	0	42,382	42,382
Dues	0	334	334
Education and Training	0	4,838	4,838
Equipment	85,149	49,618	134,767
Gas and Oil	0	1,085	1,085
Insurance	0	16,394	16,394
Medical	0	2,039	2,039
Miscellaneous	0	3,498	3,498
Repairs	0	12,584	12,584
Telephone	0	1,158	1,158
Utilities	0	6,246	6,246
Total Public Safety	\$85,149	\$140,176	\$225,325
Debt Service			
Principal	175,490	0	175,490
Interest	24,317	0	24,317
Total Debt Service	\$199,807	\$0	\$199,807
Total Expenditures	\$284,956	\$140,176	\$425,132
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(\$2,117)	(\$23,073)	(\$25,190)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers from Other Funds	0	23,073	23,073
Net Change in Fund Balance	(\$2,117)	\$0	(\$2,117)
<u>FUND BALANCE - BEGINNING</u>	45,077	0	45,077
<u>FUND BALANCE - ENDING</u>	\$42,960	\$0	\$42,960

ATTICA TOWNSHIP  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

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GENERAL GOVERNMENT

Township Board

Wages	\$10,035
Dues	2,905
Insurance	10,580
Miscellaneous	391
Printing	1,318
Total Township Board	<u>\$25,229</u>

Election

Equipment	240
Miscellaneous	91
Total Election	<u>\$331</u>

Administrative

Supervisor

Wages	31,175
Supplies	74
Mileage	177
Miscellaneous	24
Total Supervisor	<u>\$31,450</u>

Clerk

Wages	33,144
Computer Expenses	1,645
Dues	100
Education and Training	1,129
Mileage	174
Miscellaneous	21
Supplies	945
Total Clerk	<u>\$37,158</u>

Treasurer

Wages	37,267
Dues	20
Education and Training	130
Mileage	130
Miscellaneous	5,055
Supplies	2,805
Total Treasurer	<u>\$45,407</u>

Pension	20,713
Bonds	7,097
Legal	11,887
Accounting	5,705
Payroll Taxes	<u>10,631</u>

Total Administrative	\$170,048
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ATTICA TOWNSHIP  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

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GENERAL GOVERNMENT (Continued)

Board of Review

Wages	\$432
Printing	409
Total Board of Review	<u>\$841</u>

Township Hall

Wages	14,202
Land Purchase	39,500
Miscellaneous	276
Refunds	5,525
Repairs	4,559
Rubbish Removal	3,060
Supplies	3,172
Telephone	2,320
Utilities	6,511
Total Township Hall	<u>\$79,125</u>

Cemetery

Repairs	10,645
Contract Labor	12,000
Supplies	426
Total Cemetery	<u>\$23,071</u>

Assessor

Wages	16,600
Miscellaneous	1,585
Supplies	1,199
Total Assessor	<u>\$19,384</u>

House Numbering

Wages	1,175
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Township Hall Annex

Utilities	<u>344</u>
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Total General Government	\$319,548
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ATTICA TOWNSHIP  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2004

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PUBLIC SAFETY
Police

Contract Service	\$97,231
Gas and Oil	2,428
Total Police	<u>\$99,659</u>

Planning and Zoning

Wages	9,923
Contractual Service	31,831
Education and Training	2,450
Mileage	199
Miscellaneous	4,547
Printing	612
Supplies and Miscellaneous	260
Zoning Refunds	9,760
Total Planning and Zoning	<u>\$59,582</u>

Ambulance

Wages	<u>1,050</u>
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Total Public Safety	\$160,291
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PUBLIC WORKS

Road Maintenance	144,229
Street Lights	4,412
Drain-at-Large	1,899
Total Public Works	<u>\$150,540</u>

PARKS AND RECREATION

Wages	17,655
Supplies	1,576
Miscellaneous	41
Mileage	164
Fuel and Oil	450
Equipment and Improvement	11,942
Total Parks and Recreation	<u>\$31,828</u>

TOTAL EXPENDITURES


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\$662,207





*Lewis & Knopf, CPAs, P.C.*

"Serving You with Trust and Integrity"

October 1, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Board of  
Attica Township

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attica Township, as of and for the year ended June 30, 2004, which collectively comprise Attica Township's basic financial statements and have issued our report thereon dated October 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Attica Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Attica Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Township Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lewis & Knopf, P.C.*  
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CERTIFIED PUBLIC ACCOUNTANTS